

# **FISCAL NOTE**

Nonpartisan Services for Colorado's Legislature

LLS 18-0933 Date: March 16, 2018 **Drafting Number:** Bill Status: House Business Rep. Benavidez **Prime Sponsors:** 

Fiscal Analyst: Kori Donaldson | 303-866-4976 Sen. Moreno

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APPRENTICE UTILIZATION IN PUBLIC PROJECTS **Bill Topic:** 

Summary of □ State Revenue **Fiscal Impact:** 

 State Expenditure (indeterminate) □ Local Government □ Statutory Public Entity

□ State Transfer

This bill requires that apprentices be employed on most state construction projects costing more than \$500,000. The bill may increase state expenditures on an ongoing

□ TABOR Refund

basis.

**Appropriation** Summary:

No appropriation is required.

**Fiscal Note** Status:

This fiscal note reflects the introduced bill.

## **Summary of Legislation**

This bill requires contractors employed by state agencies on public projects expected to cost more than \$500,000, awarded through competitive sealed bid, and not funded with federal monies, to use apprentices enrolled in a registered apprenticeship program for at least 25 percent of the workforce in apprenticeable occupations. A bid or proposal for such a project may only be considered if it indicates that at least 25 percent of the workforce in apprenticeable occupations will be hired to work on the project. The bill requires a contractor to submit an affidavit upon completion of a project that it complied with the requirements of the bill or made a good faith effort to do so. The bill allows a contractor to require its subcontractors to comply with the requirements of the bill through a private contract.

#### **State Expenditures**

The bill may increase state expenditures for some state construction projects. There may be less competition for projects if companies that would have otherwise bid on qualifying projects opt not to do so because they do not have a registered apprenticeship program (or do not employ subcontractors with registered apprenticeship programs) for some or all of the eligible trades. Reduced competition may lead to higher overall bid amounts. Although the wages paid to apprentices may be lower than those of other workers, there may be additional labor costs associated with employing more apprentices to replace skilled workers and paying for highly skilled workers to supervise apprentices. Agencies may increase project budgets to address these costs or may opt to reduce the scope of projects to stay within budget. The funding sources used for state construction projects vary by project and affected agency.

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## **Effective Date**

The bill takes effect August 8, 2018, if the General Assembly adjourns on May 9, 2018, as scheduled, and no referendum petition is filed.

## **State and Local Government Contacts**

State Agencies